Joint Committee on Taxation
July 19, 1989
JCX-33-89

PUBLIC HEARING ON INCREASE IN THE PUBLIC DEBT LIMIT
(Before the Committee on Finance on July 19, 1989)

Present Law

The present permanent public debt limit is $2,800 billion.

Current Situation of the Public Debt

At the close of business on Thursday, July 13, 1989, the outstanding public debt subject to limitation was $2,784.8 billion, and the operating cash balance was $23.3 billion.

The Secretary of the Treasury has requested that the public debt limit be increased to the level specified in H.J. Res. 280, as passed by the House of Representatives, which is $3,122.7 billion. The Secretary, in a letter to the Senate Majority Leader, stated that the limit provided in H.J. Res. 280, which is based on the concurrent budget resolution covering fiscal year 1990, would suffice through fiscal year 1990.

The present debt limit may not allow Treasury to make the required cash advance to the Social Security Administration on August 1 because the margin between the limit and the amount outstanding--$15 billion--is less than the $18 billion estimate of the amount of the August 1 advance.

Also, on August 15, the Treasury must meet semi-annual interest obligations in excess of $17 billion on outstanding Treasury notes and bonds.

The combination of these two requirements for issuance of additional debt indicate the estimated need for a debt limit increase by August 1. In addition, an increase in the debt limit before Congress leaves for its August recess is necessary because Treasury has estimated that it must borrow about $20 billion on September 1 in order to fund regular salary payments for civilian and military employees and for retirement payments under social security, supplemental security income, railroad, military, civil service, and veterans programs.

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